

**FILED**

**MAR 15 2011**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

IN THE MATTER OF THE REQUEST FOR )  
AGENCY ACTION OF QEP ENERGY COMPANY )  
FOR APPROVAL OF UNIT OPERATIONS AND )  
ENHANCED AND SECONDARY RECOVERY )  
OPERATIONS IN THE GREEN RIVER )  
FORMATION WITHIN ALL OF SECTION 5 AND )  
THE SE¼SE¼ OF SECTION 6 IN TOWNSHIP 8 )  
SOUTH, RANGE 22 EAST, SLM, UTAH )  
COUNTY, UTAH, FOR AUTHORITY FOR )  
UNDERGROUND INJECTION OF WATER, FOR )  
EXCEPTION TO THE SITING AND LOCATION )  
REQUIREMENTS FOR VERTICAL WELLS, AND )  
FOR CERTIFICATION AS AN ENHANCED )  
RECOVERY PROJECT FOR PURPOSES OF )  
SECTION 59-5-102(7) OF THE UTAH CODE, )  
ANNOTATED )

**MAR 14 2011**

REQUEST FOR RECONSIDERATION  
OF FEBRUARY 28, 2011 ORDER

Docket No. 2011-004  
Cause No. 271-01

Pursuant to Utah Code Ann. 63-46b-13, the Bureau of Land Management (BLM) hereby requests that the Board reconsider its February 28, 2011 Order in this Matter.

The specific grounds upon which relief is requested are as follows:

1. Utah Code Ann. 40-6-8(4) provides that “no order of the board providing for unit operations ... shall become effective unless and until the plan for unit operations prescribed by the division has been approved in writing by ... the owners of 70% of the production or proceeds that will be credited to interests which are free of cost, such as royalties, overriding royalties, and production payments, and the board has made a finding ... that the plan of unit operations has been so approved.
2. BLM’s basic royalty exceeds 30% of the payments to be made out of production from the unit at issue in this matter. Thus, in the absence of BLM’s written approval of the plan of operations, the required 70% approval cannot be achieved, and the Board’s Order cannot be effective.

3. Finding of Fact No. 12 in the Board's Order states that "evidence presented at the hearing demonstrates that the plan for unit operations was approved by more than ... 70% of the non-cost-bearing interests." This is in error, as no evidence was presented at the hearing indicating that BLM had approved in writing of the plan of operations.
4. At the hearing, BLM's representative, Mr. Coulthard, stated as follows:

MR. COULTHARD: Thank you, Mr. Chairman. My name is Michael Coulthard. I represent the Bureau of Land Management in this hearing. The BLM designated the Horse unit area as logically subject to unitization on February 11, 2011. In doing so, we found the unit agreement and exhibits to that unit agreement acceptable. That designation was forwarded to the Board, along with the agreement and exhibits, on February 14, 2011. And the BLM supports the project and recommends its approval. Thank you.

Hearing Transcript, p. 52.

5. Thus, while BLM found the "unit agreement and exhibits to the unit agreement acceptable," it did not, and has not yet, approved the unit plan of operations in writing or otherwise. The exhibit attached to the letter to the Board from BLM dated February 14, 2011, contained a February 11, 2011 letter from BLM to QEP Energy Company stating the following:

The form of unit agreement ... as submitted with your application are acceptable. In the absence of any objections not now apparent, a duly executed agreement, identical with said form, will be approved if submitted in approvable status within a reasonable period of time.

To date, QEP Energy Company has not submitted the "duly executed agreement" for BLM's approval, and BLM has not approved the plan of operations.

Based on the foregoing, BLM requests that the Board's Order be modified in two ways. First, Finding of Fact No. 12 should be modified to state as follows:

12. The plan of development as detailed at the February 24, 2011 hearing is acceptable to the Board and the Division and will accomplish the goals of the enhanced and secondary recovery project. The plan for unit operations has been approved by more than 70% of the cost-bearing interests. More than 70% of the non-cost-bearing interests have indicated in writing that they are agreeable to the plan for unit operations, but more than 70% of such interests have not yet approved of the plan in writing.

Second, Order Number 2 should be modified to state as follows:

2. In accordance with Utah Code Ann. 40-6-8(4), this Order providing for unit operations shall not become effective "unless and until the plan for unit operations ... has been approved in writing ... by the owners of 70% of the production ... and the board has made a finding ... in a supplemental order, that the plan for unit operations has been so approved.

Respectfully submitted,



Roger L. Bankert  
Chief, Branch of Minerals

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